

The New Medicare Prescription Drug Benefit

Town Hall Meeting

Congressman Jim Greenwood

February 9, 2004

PRESCRIPTION DRUGS

FINALLY A REALITY



In a historic victory for seniors, Congress has expanded Medicare to provide crucial prescription drug coverage and financial relief for millions of older Americans.

Medicare Rx Overview



- ✓ Immediate Rx Discount Card
- ✓ 100% Voluntary
- ✓ Low Income Seniors Pay No More Than \$5 Per Prescription & No Gaps In Coverage
- ✓ \$35 Monthly Premium for Others

Medicare Rx Overview



- ✓ **Protection from Catastrophic Illnesses**
- ✓ **Works With PACE/PACENET – No Need to Choose Either/Or – One Card For Both**
- ✓ **Strengthens Employer Coverage**
- ✓ **Health Savings Accounts Available to All**
- ✓ **Endorsed by National AARP**

Congress Passes Bill to Give Seniors Prescription Drug Benefits

How This Benefit Works

- 100% VOLUNTARY: If you like the plan you are in, stay with it. If you want more flexibility or better benefits, then switch to a more comprehensive plan.
- NO LATE PENALTY: If you choose to remain in an employer's plan and not to enroll, but in the future decide to enroll, there is no late penalty.
- THE CHOICE IS YOURS.





ENHANCING **EMPLOYER COVERAGE**

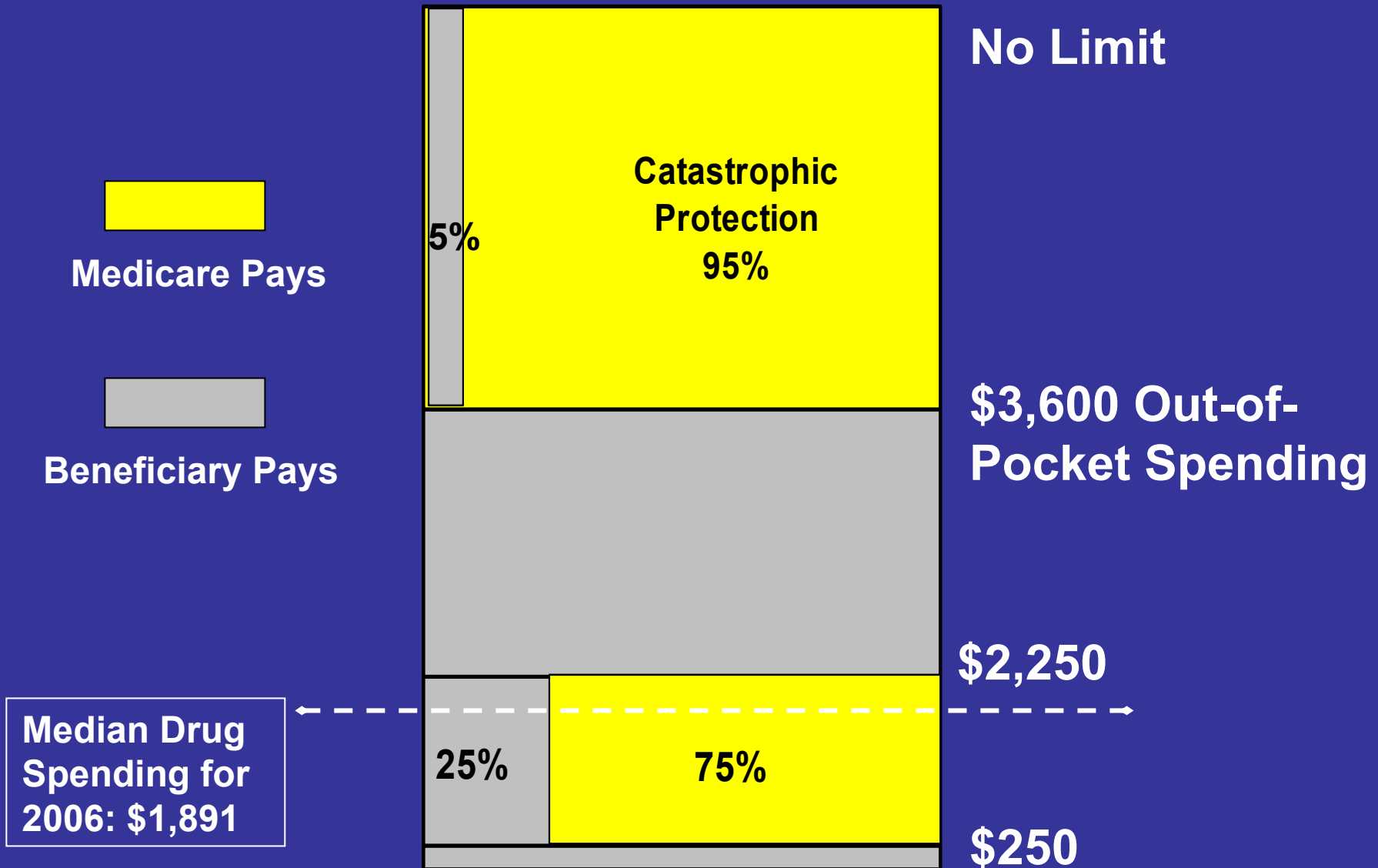
***The Prescription Drug Bill STOPS the
Trend of Fewer Employers Providing
Coverage***

- The package helps employers retain and enhance their prescription drug coverage so that beneficiaries can keep their existing retiree coverage.
- This is achieved through tax incentives for employers to retain current coverage, and subsidies to allow employer plans to work with the new prescription drug benefit.

STRENGTHENING MEDICARE TO MEET YOUR NEEDS

- If you choose to enroll in the new plan, you will be responsible for about a \$35 monthly premium with a \$250 annual deductible.
- Beyond a \$250 deductible, Medicare will pay 75% of drug costs up to \$2,250.
- Medicare will provide catastrophic coverage for all seniors who have high prescription drug expenses. Once a beneficiary accumulates \$3,600 in out-of-pocket drug spending, all that he or she will pay is a \$2, \$5, or 5 percent coinsurance.

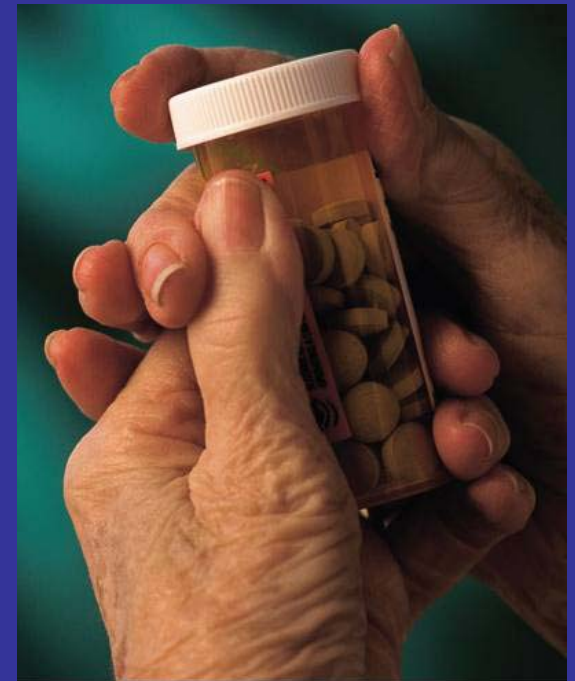
How The Benefit Works



Congress Passes Bill to Give Seniors Prescription Drug Benefits

How This Benefit Works: Reducing The Cost Of Prescription Drugs

- Seniors who enroll in the benefit will save 25% off the retail price of drugs.
- Seniors' overall out of pocket drug spending could fall by as much as 77% in exchange for a premium of about \$35 per month.



STRENGTHENING MEDICARE TO MEET YOUR NEEDS

DISCOUNT CARD

Under the new plan, seniors will see real, immediate relief through an interim drug discount card, made available by Spring 2004.



This discount card will provide significant, immediate savings up to 25% off retail prices seniors are currently paying.



Beneficiary

In 2004-2005:

Discount Drug Card:

Discount card available to all beneficiaries.
Low-income beneficiaries would receive \$600 annually.

In 2006

Traditional Fee-For-Service (FFS) Medicare:

Current Part A and Part B
Benefits Remain As Is.

Beginning in 2006, Choice of
Prescription Drug Plans
Available to All.

Medicare Advantage:

Private-Sector PPOs (most
popular choice in employer
plans), HMOs, and Fee-For-
Service plans.

Integrated health care systems
with drug coverage and
enhanced benefits. (Drug
coverage must equal that of
the FFS drug benefit by 2006.)



Working With PACE / PACENet

- Seniors can benefit from both – there is no need to choose between PACE or Medicare. PACE can complement the new Medicare benefit, and seniors may use 1 card for both.
- For those seniors below \$13,000 in annual income (135% of poverty), the only cost would be a minimal co-payment (between \$1 to \$5 per prescription). THIS IS A BETTER DEAL THAN PACE OFFERS.

MEDICARE VS. PACE & PACENET INCOME ELIGIBILITY

% Federal Poverty Level (2006)	< 100%	< 135%	< 150%	Above 150%
Income Level for Medicare Benefit	\$9,670 (single) \$13,051 (couple)	\$13,054 (single) \$17,618 (couple)	\$14,505 (single) \$19,576 (couple)	Above \$14,505 (single) \$19,576 (couple)
PACE/PACENET Enrollment Income Levels	<u>PACE</u> \$14,000 (single)/\$17,200 (couple) New Limits: \$14,500 (single)/ \$17,700 (couple)			<u>PACENET</u> \$17,000 (sgl)/ \$20,200 (cpl) New Limits: \$23,500 (sgl)/ \$31,500 (cpl)

MEDICARE VS. PACE & PACENET BENEFITS, PART I

% Federal Poverty Level (FPL)	< 100%	< 135%	< 150%	Above 150%
Premium	\$0 (Medicare) \$0 (PACE)	\$0 (Medicare) \$0 (PACE)	Sliding scale from \$0 up to \$35/month (Medicare) \$0 (PACE)	\$35/month (Medicare) \$0 (PACENET)
Deductible	\$0 (Medicare) \$0 (PACE)	\$0 (Medicare) \$0 (PACE)	\$50 (Medicare) \$0 (PACE)	\$250 (Medicare) \$40/month (PACENET)

For those seniors above 135% FPL, PACE/PACENET would be able to “fill in” and pay for co-pays, deductibles, and other cost sharing. Most seniors will be better-off taking advantage of what Medicare and PACE have to offer, together.

MEDICARE VS. PACE & PACENET BENEFITS, PART II

% Federal Poverty Level	< 100%	< 135%	< 150%	Above 150%
Medicare Co-pays	\$1 (generic) \$3 (brand) \$0 over out of pocket limit	\$2 (generic/ preferred brand) \$5 (other brand) \$0 over out-of-pocket limit	15% up to \$3,600 out-of-pocket spending Above limit: \$2 generic/ preferred brand \$5 (brand)	25% up to \$2,250 5% beyond \$3,600 out-of-pocket spending
PACE/ PACENet Copays	\$6 copay (generic drugs)/ \$9 copay (brand drugs)			Beyond \$40/month deductible: \$8 (generic) \$15 (brand)
Medicare Coverage Gap	None	None	None	Begins at \$2,250, ends at \$3,600 out-of-pocket

PACE-MEDICARE INTEGRATION: BENEFICIARIES' VIEW

- Medicare Benefits Better Than PACE for Most Existing PACE Enrollees
- Seamless Transition/No Bureaucracy
- All Seniors Receive Booklet in Fall 2005
- PACE Role: Enrollment Education; Phone Counseling; Fill In Coverage Gaps
- Senior Chooses Plan & Receives Single Card to Use for Medicare and PACE Wrap Around Benefits

GOV. RENDELL SUPPORTS PACE PROVISIONS IN HR 1



COMMONWEALTH OF PENNSYLVANIA
OFFICE OF THE GOVERNOR
HARRISBURG

November 21, 2003

THE GOVERNOR

The Honorable James Greenwood
2436 Rayburn Building
Washington, D.C. 20515

Dear Representative Greenwood:

I am writing to thank you for your efforts to develop provisions in the Medicare Prescription Drug bill to allow PACE to continue to be the primary source of drug benefits for qualifying seniors in Pennsylvania. As of early 2004, we expect approximately 325,000 Pennsylvania seniors to be in the PACE program, and we owe it to all of them to ensure the program on which they rely continues to work for them.

As the Medicare drug benefit legislation had been in development, our goals have been to ensure seniors in the PACE program would be able to benefit from the new federal benefit without experiencing any changes in the way they obtain prescription drugs and without being forced through a bureaucratic process along the way. Federal legislation must allow for a seamless transition for PACE beneficiaries while at the same time allowing PACE to expand its prescription drug program and services to more of our seniors.

I am informed that the language in the Medicare drug benefit bill achieves our major goals relating to the PACE program. This is good news for our constituents and I appreciate very much all the hard work you and others in the Pennsylvania delegation did to make this happen.

Should the legislation ultimately be enacted, I look forward to working with you and Secretary Thompson to make sure the PACE-related provisions are implemented as we all believe they should be.

Thank you again for your efforts on behalf of Pennsylvania's seniors.

Sincerely,

Edward G. Rendell
Governor

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PACE-MEDICARE INTEGRATION: PA STATE VIEW

- PA Language (Gov. Rendell Endorsed) in HR 1
- \$125 Million/2 Yrs For States (Mandatory \$)
- PACE Expenditures Count Toward Federal Out-Of-Pocket Limit
- Transition Commission Authorized
- Saves Pennsylvania \$1.2 Billion Over 8 Years Due to Federal Benefit Picking up the Drug Costs of All Medicaid Beneficiaries
- \$600/Card For Low Income Beneficiaries Saves State \$200 Million In PACE Benefits